

NEWSLINE

Savings Plus Program

4th Quarter 2003

Understand Your Investments – Large-Cap Stock Funds

This is the fourth in our series of articles on the basic investment categories – Cash/Stable Value, Bonds, Stocks – and another category Savings Plus offers called “Lifestyle” funds. In this issue, we focus on Large-Cap Stock Funds.

Large-cap stock funds generally own stocks of companies with a market value greater than \$10 billion. Companies in this category tend to be well-known businesses that have solid sales and earnings growth. Large-cap funds offer growth with moderate to moderately high risk and return. Historically, stock funds have provided the best performance of all assets types for long-term investors.

For the conservative investor, large-cap stock funds can be an appropriate choice to improve investment performance and provide a hedge against inflation. For the aggressive investor, large-cap funds offer security against the potential higher risk associated with mid-cap, small-cap, and international stock funds.

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To minimize fluctuations in the overall value of your portfolio, it's best to diversify your assets across the range of investment categories.

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Understand Your Investments

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To minimize fluctuations in the overall value of your portfolio, it's best to diversify your assets across the range of investment categories. This same general concept applies when you hold assets in stock funds. Among stock funds, there are three basic fund categories, also known as "styles." They are:

- **Growth funds**, where fund managers look for companies whose earnings are projected to continue to grow consistently. (Typically, Growth-style funds perform very well when the U.S. economy is in a growth mode.)
- **Value funds**, where fund managers look for companies that are trading at a discount relative to past pricing and estimated future values. (Typically, Value-style funds perform better when the U.S. economy is in a downward mode.)
- **Blend funds**, where fund managers select a mix of both Growth and Value companies to provide protection against the economic changes that affect Growth and Value styles.

SPP offers 11 large-cap funds for you to choose from, covering the three styles we just described. The chart below lists these funds and their style category.

In the next *NewsLine*, we'll report on the Small- and Mid-Cap Stock Funds offered through Savings Plus.

SPP's Large-Cap Stock Funds	Fund Category
American Century Income and Growth Fund	Value
American Funds – Growth Fund of America	Growth
CalPERS S&P 500 Equity Index Fund	Blend
Domini Social Equity Fund	Blend
Federated Stock Trust Fund	Value
Hartford Index HLS Fund	Blend
Hartford Stock HLS Fund	Blend
Janus Twenty Fund	Growth
MFS Capital Opportunities Fund	Blend
MFS Massachusetts Investors Growth Fund	Growth
Vanguard U.S. Growth Fund	Growth

Ticker Symbols and VRS Fund Codes

The VRS requires a 4-digit code for an investment option you want to inquire about or change. This list of fund codes is current as of December 2003.

Fund	Ticker	Code
Open Funds:		
Accessor Small to Mid-Cap Advisors	ASMCX . . .	2240
American Funds Growth Fund of America	AGTHX . . .	2484
CalPERS S&P 500 Equity Index Fund		2750
Domini Social Equity	DSEFX . . .	2802
Dwight Asset Management (GIC)		2810
Federated Stock Trust	FSTKX . . .	3445
Franklin Balance Sheet Investment	FRBSX . . .	7817
Gartmore Investor Destination (ID) Options:		
ID Conservative Service Class	NDCSX . . .	9719
ID Moderately Conservative Service Class	NSDCX . . .	9720
ID Moderate Service Class	NSDMX . . .	9721
ID Moderate Aggressive Service Class	NDMSX . . .	9722
ID Aggressive Service Class	NDASX . . .	9723
Glenmede Ins International/PIA	GTIIX . . .	4350
Hartford Advisers HLS	HADAX . . .	4250
Hartford Stock HLS	HSTAX . . .	4252
Janus Twenty	JAVLX . . .	5270
Savings Pool		2230
T Rowe Price Mid-Cap Growth	RPMGX . . .	7736
VALIC Fixed Interest Option		8965
Vanguard GNMA Admiral Shares	VFIJX . . .	8240
Vanguard Total Bond Market Index Inst	VBPIX . . .	8261
Vanguard US Growth Admiral Shares	VWUAX . . .	8954
Variable Annuity Hartford Sub Accounts:		
American Century Income & Growth		4237
Franklin Small-Mid Cap Growth		4239
Hartford Bond HLS		4233
Hartford Capital Appreciation HLS		4238
Hartford Index HLS		4234
Hartford Money Market HLS		4231
Hartford Mortgage Securities HLS		4232
Janus Adviser International Growth		4240
Janus Balanced		4230
MFS Capital Opportunities		4235
MFS Mass Investors Growth Stock		4236
Self Directed Option:		
Schwab PCRA		7272
Closed Funds (Exchanges Out Only):		
CalPERS US Intermediate		2752
CalPERS US Short Term		2751
American General Fixed Account Annuity		4301
American General Variable Annuity		
Valic Stock Index Fund		4307
Nationwide Fixed Annuity		9769
Nationwide Variable Annuity Investment Sub Accounts:		
Gartmore Nationwide Fund		9800
Putnam Investors Fund		9802
Seligman Growth Fund		9803

Note: Ticker symbols are not provided for investments which are not publicly traded mutual funds.

New Feature: Investment Fund Update

Savings Plus regularly monitors the performance of the investment options we offer, as well as changes in the management, organization, and investing strategy of these funds.

This is part of our responsibility as the Savings Plus plan administrator.

To help you stay on top of information that may affect your investments, every issue of *NewsLine* will now include an "Investment Fund Update." This regular feature will report on changes that have occurred in the various funds over the past quarter.

This new feature also includes SPP's "Watch List." The Savings Plus Program puts investment funds on a "watch list" when we have concerns about their performance or certain organizational changes that could affect performance. The criteria we use is listed at the bottom of the watch list.

For the most current investment news, visit SPP's Web site, News sidebar, SPP News. We encourage you to check this section from time to time, as the information we post there could have an impact on your investments.



Investment Fund Update

Fund Managers Changes

Hartford Bond HLS Fund, January 2003 – Nasri Toutoungi, a Sr. Vice President of Hartford Investment Management Company, replaced Alison Granger as Portfolio Manager.

Janus Adviser International Fund, June 2003 – Helen Young Hayes resigned. Brent Lynn, a co-manager in the fund, assumed responsibility as Portfolio Manager.

Vanguard Total Bond Market Index Fund, June 2003 – Ian MacKinnon, Portfolio Co-Manager, retired. Kenneth Volpert, former Portfolio Co-Manager, became Portfolio Manager.

Watch List

Criteria

Accessor Small to Mid Cap Fund	1
American General (VA) Stock Index	1
Putnam Investors (Nationwide VA)	1
Seligman Growth (Nationwide VA)	1
Vanguard US Growth Fund	1

Watch List Criteria:

- 1 Did not meet the established performance standards (benchmark/peer universe) over preceding 3/5-year period
- 2 Investment manager changed or such change appears imminent; this change may have detrimental effect on fund
- 3 Significant change in ownership or control of the fund provider
- 4 Material change occurred in investment focus/strategy, capitalization, or investment style
- 5 Substantial portfolio turnover within the fund
- 6 Violation of a Security and Exchange Commission rule or regulation
- 7 Fund experienced difficulty transacting trades, fund transfers, or pricing
- 8 Fund experienced problems in procedures or operations, which may detract from Savings Plus objectives
- 9 Violation of contract terms

Officials Investigate Mutual Fund Trading Practices

Recent media reports have documented investigations by several regulatory agencies into the mutual fund industry. We want to assure you that Savings Plus is monitoring developments closely and will keep you updated through future *NewsLines* and postings on our Web site (www.sppforu.com).

The current investigations focus on two types of trading practices: market timing and late trading.

Market timing involves the frequent buying and selling of fund shares in an attempt to profit from discrepancies between a fund's share price and the value of its holdings. While not necessarily illegal, this practice often constitutes a violation of fund rules.

Late trading involves trades that are placed, using the current day's price, after the market closes (4:00 p.m. EST), when the trader has full knowledge of the day's market activity. This practice is illegal.

As of this writing, five investment firms who manage mutual funds offered by Savings Plus have either received a subpoena for information from a regulatory body, have been named in a class action lawsuit, or have admitted to market timing and/or late trading activities: Alliance Bernstein Management (sub-advisor for the Vanguard U.S. Growth Fund), Janus Capital Management (manages the Janus Twenty Fund, Janus Balanced Fund, and Janus Adviser International Fund), Putnam Investments (manages the Putnam Investors Fund), Federated Investors (manages the Federated Stock Trust Fund), and MFS Investment Management (manages the MFS Capital Opportunities and MFS Mass Investors Growth Stock Funds).

Savings Plus will add information to our Web site which will provide updates and resource links you can investigate to learn more about this issue. You will find this information on the "News" sidebar.

Watch Your Mailbox for 1099-R

If you received a payment from your SPP account in 2003 keep an eye on your mailbox for your 1099-R tax document, mailed from Nationwide Retirement Solutions.

You should receive only one 1099-R form if you received a single payment during the 2003 tax year. However, if you received one payment between Jan. 1 and Feb. 14, 2003, and another payment after Feb. 14, 2003, you will receive two 1099-R forms. (This is due to a distribution system upgrade at Nationwide.)

If you haven't received your 1099-R by Feb. 15, 2004, request a copy by calling us toll free at 1-866-466-4777 (press *0 to speak to a customer service representative).



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